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THE SITUATION IN BOSNIA AND HERZEGOVINA

SECURITY COUNCIL
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Letter dated 7 December 1995 from the representatives of Bosnia and Herzegovina and Croatia to the United Nations addressed to the Secretary-General

We should be grateful if you would have the attached text of the Dayton agreement on implementing the Federation of Bosnia and Herzegovina and the annex thereto, of 10 November 1995, circulated as a document of the General Assembly, under agenda item 28, and of the Security Council.

(Signed) Ivan Z. MISIC
Chargé d'affaires a.i. of the
Permanent Mission of the
Republic of Bosnia and Herzegovina
to the United Nations

(Signed) Vladimir DROBNJAK
Chargé d'affaires a.i. of the
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Annex

DAYTON AGREEMENT ON IMPLEMENTING THE FEDERATION OF BOSNIA AND HERZEGOVINA OF 10 NOVEMBER 1995

I. General Principles

The complete establishment of the Federation of Bosnia and Herzegovina is an essential prerequisite for peace in Bosnia and Herzegovina. Without a strong and fully functioning Federation, as one of the two constituent entities of Bosnia and Herzegovina, the proximity talks in Dayton cannot result in a lasting peaceful settlement.

Twenty months after the adoption of the Federation Constitution, the process of strengthening the Federation and building trust between its constituent peoples has still not produced satisfactory results. We, the undersigned, have therefore agreed to radical steps to achieve the political, economic and social integration of the Federation.

The responsibilities and the organization of the Government of the Federation and the Government of the Republic of Bosnia and Herzegovina must be separated. While working together in a spirit of cooperation for the benefit of the population, neither government may interfere in the exclusive competencies of the other government. Without prejudice to the continuing sovereignty and territorial integrity of Bosnia and Herzegovina, the Government of the Republic must now transfer functions to the Government of the Federation in accordance with the Federation Constitution.

The Government of the Republic must retain only those functions that enable it to act as the government of the internationally recognised state of Bosnia and Herzegovina, in accordance with the Constitution of Bosnia and Herzegovina developed during the proximity talks in Dayton. All other functions will be transferred to the Government of the Federation.

In parallel, the existing civilian authorities and their organs in the areas of the Federation controlled by the HVO must now transfer all their functions to the Federation organs and be dissolved.

This Agreement shall be brought into conformity with a peace settlement for Bosnia and Herzegovina, when adopted.

In accordance with these principles, we have agreed as follows:

II. Decisions

A. Transfer of Responsibilities to the Federation

By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation and the Assembly of the Republic legislation that encompasses the following provisions on the functions and powers of the Federation and Republic Governments, with a view to passage by 20 December:

1. One month after the adoption of this legislation, the Federation shall assume exclusive governmental authority on the Federation, cantonal and municipal levels in the entire Federation territory within the areas of its responsibilities.

2. For this purpose, there shall be within one month after the adoption of this legislation a complete functional separation of competencies between the governments of the Federation and the Republic.

3. The Government of the Republic shall keep those functions which enable it to act as the government of the internationally recognized state of Bosnia and Herzegovina. All other civilian functions of the Government of the Republic shall be transferred to the Government of the Federation within one month after adoption of this legislation. In addition, all functions of existing local civilian authorities and organs in the areas of the Federation controlled by the ARBiH shall be transferred to Federation institutions, and these authorities and organs shall be dissolved one month after adoption of this legislation.

4. In parallel with the transfer of functions from the Government of the Republic to the Government of the Federation, a transfer of all functions of existing civilian authorities and organs in the areas of the Federation controlled by the HVO to Federation institutions shall take place, and these authorities and organs shall be dissolved one month after the adoption of this legislation.

5. The responsibilities of the Government of the Federation and other constituent Federation institutions shall include:

- Defense
- Internal affairs
- Justice
- Finance (budget, tax administration, customs collection)
- Energy and industry
- Traffic and communications
- Commerce
- Agriculture
- Education, science and culture
- Refugees, displaced persons and social policy
- Health
- City planning, resources and environment.

6. The responsibilities of the Government of the Republic shall include:

- Foreign policy
- Foreign trade
- Customs policy
- Common monetary policy
- Finance (Republic budget)
- Immigration regulation and Republic citizenship
- International criminal law enforcement
- Common telecommunications
- Air traffic control
- Civilian coordination of the activities of the armed forces in the whole territory of Bosnia and Herzegovina.

7. The responsibilities as set out in paragraphs 5 and 6 above shall be brought into conformity with the functions as defined in a peace settlement for Bosnia and Herzegovina, when adopted.

Furthermore, the division of responsibilities as set out in paragraphs 5 and 6 above shall not diminish the military authority of the ARBiH or the HVO.

8. Ministers, Deputy Ministers and ministerial staff shall not hold offices in both governments.

Ministries shall be adequately staffed. Within one month after the adoption of this legislation the staff shall be newly appointed by the relevant Ministers and their Deputy Ministers. The staff composition shall duly reflect the composition of the population.

9. In accordance with Chapter I, Article 4 of the Federation Constitution, the capital of the Federation shall remain Sarajevo.

10. The President, the Vice-President, the Prime Minister and the Deputy Prime Minister of the Federation shall have a joint branch office in Mostar.

11. The following ministries of the Government of the Federation shall be located in Mostar:
- Commerce
- Traffic and Communications
- Energy and Industry
- Education, Science and Culture.

12. The Government of the Federation shall in general hold weekly sessions. Every fourth session shall be held in Mostar.

13. The inaugural session of the newly established Government of the Federation shall be held in Sarajevo and subsequently in Mostar one month after the adoption of this legislation. Senior officials of the witnesses of this Agreement shall be invited to the inaugural session.

B. **Fiscal, Customs and Budgetary Matters for the Federation**

1. We shall ensure that within five days after the signature of this agreement, the two existing payment systems in the Federation will be joined through the establishment of correspondent accounts among commercial banks and by linking these accounts through the bureaus of payments, using the Deutsche Mark as the common unit of account.

2. The Republic shall regulate the customs system and determine a joint customs policy.

Beginning with the 1996 budget year, customs shall be collected by the Federation Customs Administration on behalf of the Republic. An agreed proportion of customs revenues, up to a specified amount (which amount shall be defined in relation to the Republic budget needs) shall accrue to the Republic budget. By 10 December 1995, this proportion, the specified amount and a technical mechanism (using the bureaus of payments) that shall ensure immediate and direct funding of the Republic and Federation budgets shall be agreed upon between the Federation and the Republic, in consultation with the International Monetary Fund (IMF).

By 10 December 1995, a Federation Customs Administration will be established, within the customs system of Bosnia and Herzegovina. By that date, all internal customs checkpoints in the Federation will be eliminated and full freedom of movement shall be established.

The Republic may appoint representatives who shall be authorized to be present at every customs collection point along the international border.

3. A 1996 Federation budget shall be prepared jointly with the IMF during the upcoming IMF visit, and shall be presented to the Constituent Assembly of the Federation by 10 December 1995. The 1996 Federation budget shall not include military expenditures or social transfers.

4. The Federation Tax Administration shall be activated and shall begin to work one month after the adoption of the legislation referred to in section II A above.

5. Cantonal budgets, based on sales and corporate taxes and other revenue sources, shall be completed, if possible with international technical assistance, by 31 March 1996.

6. We hereby invite interested governments and international organizations to provide experts to assist the Governments of the Federation and the Republic and their organs with financial and administrative questions.

7. We shall conclude an agreement on the Central Bank in consultation with the IMF and in accordance with the Constitution of the Federation by 10 December 1995. This agreement shall be brought into conformity with a peace settlement for Bosnia and Herzegovina, when adopted.

8. International donations to Bosnia and Herzegovina shall be distributed in accordance with the division of responsibilities between the Federation and the Republic.

C. Cantons and Municipalities

1. All rulings of the Federation Arbitrator shall be implemented without delay.

2. All interim cantonal legislatures shall be convened by 1 December 1995. In addition, all interim cantonal government positions shall be filled by that date.

3. Those municipalities that have selected their five delegates to the interim cantonal legislatures by 1 December 1995 shall be represented in the interim cantonal legislatures. Those municipalities that have not yet selected their five delegates shall be represented upon the selection of their delegates.

D. Territory of the Federation

1. The boundaries of the Federation shall ultimately be defined in the peace settlement for Bosnia and Herzegovina.

2. The territories which are currently under control of the ARBiH/HVO, but which are not included within a Federation canton ("new territories"), shall be administered in accordance with the Federation Constitution. Interim municipal governments shall be established in the new territories in accordance with the provisions regarding these governments in the Federation Constitution and all other relevant agreements.

3. All pre-war inhabitants of the new territories shall be allowed free, unimpeded and immediate return to their homes of origin.

4. Immediately after the agreement on the delimitation between the two entities in Bosnia and Herzegovina in the final peace settlement, we shall conclude the negotiations on the cantonal and municipal arrangements for the new territories.

E. Refugees and Displaced Persons

By 10 December 1995, the Minister for Refugees and Social Policies and his Deputy Minister together shall establish a comprehensive and detailed plan for the return of refugees and displaced persons in the Federation territory. Implementation of this plan will begin immediately. We shall closely cooperate with the UNHCR in developing and implementing the plan.

This plan shall conform to any programme for the return of refugees and displaced persons developed pursuant to the final peace settlement.

F. Ambassadors

Within one month after the adoption of the legislation referred to in section II A, we shall implement the agreements reached in Zagreb on 11 September 1994 and at the Petersberg on 10 March 1995 regarding the appointment of Ambassadors.

G. Police

By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation the Law on Internal Affairs of the Federation of Bosnia and Herzegovina with a view to adoption by 20 December, which shall be implemented one month after its adoption.

H. Defense

1. By 10 December 1995, we shall introduce in the Constituent Assembly of the Federation the Basic Defense Law, providing for a unified Federation Army above the corps level up to the Joint Command, with a view to adoption by 20 December.

2. We shall seek international assistance in converting the current joint staff to a Joint Planning Staff for all Federation Forces.

I. Mostar

1. The Memorandum of Understanding for the EU Administration of 6 July 1994 shall be fully implemented.

2. We agree on the principles for the Interim Statute for the City of Mostar as defined in the Annex which forms an integral part of this Agreement. We shall ensure that the Interim Statute for the City of Mostar shall be finalized on the basis of these principles by 31 December 1995. This Interim Statute shall preserve the unity of the city. Mostar shall have a single administration. The Interim Statute shall ensure the national, religious and cultural identity of the population within six City-Municipalities.

   In parallel to the adoption of the Interim Statute, we request the EU Administrator to issue a decree on the conduct of elections for the City Council and the City-Municipal Councils on the basis of the principles for the Interim Statute in the Annex. These elections shall take place no later than 31 May 1996.

3. In accordance with the guarantees of the Federation Constitution for human rights and freedoms, freedom of movement shall be implemented in Mostar as well as within the entire Federation territory.

   One month after the adoption of the legislation referred to in section II A of this Agreement, complete and unlimited freedom of movement for all citizens of Mostar shall be implemented.

   As a first step, existing regulations shall be fully implemented to take effect by 1 December, in order to provide:

- an unlimited number of crossings for women, children and men not of military age or military obligation, as well as simpler procedures for the crossings, without prior registration.

- unlimited and unobstructed access to the seat of the EU Administration of Mostar and of the Ombudsman for all citizens of Mostar.

- unlimited and unobstructed access to the Centre of Continual Medical Education (in West Mostar).

- unlimited and unobstructed access to the new training centre after its opening (in East Mostar).

- unlimited access for those who are invited to attend cultural and other events on either side.

The two Mayors of Mostar shall immediately begin implementing these steps in order to meet the agreed time limit.

4. The second phase of the United Police Force Mostar (UPFM) shall be implemented without further delay, notably:

- the establishment of joint headquarters (access to which will be policed only by joint patrols).

- unhindered recruitment of local police officers for the UPFM, who cannot be replaced without prior agreement of the EU Administration and the local administrations.

With the establishment of the new Federation Government, the third phase of the UPFM should start.

5. Forceful measures against organized crime shall be taken well before the newly established Federation Government is inaugurated.

6. In order to create the conditions for the return of refugees and displaced persons to their homes, the Decrees on Tenants' Rights of the EU Administrator shall be strictly respected and their implementation encouraged. To start the process of reciprocal return, a substantial number of displaced persons shall be immediately allowed to return to houses owned by them in Mostar, independently of any global solution within the Federation.

III. Reporting Obligations

Starting one week after the signing of this Agreement, we shall submit every two weeks joint reports on the implementation of this Agreement to the witnesses. In particular, we shall report on:

- Adoption of the draft legislation referred to in section II A of this Agreement by the Constituent Assembly of the Federation and the Assembly of the Republic.

- Concrete preparations for the establishment of the new Federation Ministries in Sarajevo and Mostar, both with regard to facilities and staff composition, as well as to the practical provisions for the necessary movement of ministerial staff.

- Steps undertaken to transfer the functions of existing non-Federation civilian authorities and organs to the Federation.

- Implementation of the Rulings of the Federation Arbitrator.

- Implementation of the agreements on the new territories.

- Implementation of the provisions on the merger of the two payments systems, the establishment of correspondent banking relations, the creation of the Federal Customs Administration, the Federal Tax Administration and the preparation of the Federation budget for 1996.

Preparation of the plan for the return of refugees and displaced persons, which we shall submit immediately after adoption, and progress in its implementation.

Signed at Dayton, Ohio on this 10th Day of November 1995, in the English, Bosnian, and Croatian languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Alija Izetbegovic
President of the Republic
of Bosnia and Herzegovina

Kresimir Zubak
President of the Federation
of Bosnia and Herzegovina

Dr. Haris Silajdzic
Prime Minister

Jadranko Prlic
Deputy Prime Minister

The President of the Republic of Croatia endorses the provisions of this Agreement and shall assist in its full implementation.

Dr. Franjo Tudjman
President of the Republic of Croatia

Witnessed by:

Ambassador Wolfgang Ischinger
Federal Republic of Germany

Ambassador Richard Holbrooke
United States of America

Ambassador Fernandez de la Pena
Spanish EU Presidency

Hans Koschnick
EU Administrator Mostar

ANNEX TO THE DAYTON AGREEMENT ON IMPLEMENTING THE FEDERATION OF BOSNIA AND HERZEGOVINA

Agreed Principles for the Interim Statute for the City of Mostar

1. The legal and functional unity of the City of Mostar shall be preserved.

2. The territory of the City of Mostar shall comprise the whole area of the municipality of Mostar as it existed on 1 January 1991.

3. The City of Mostar shall be composed of six separate City-Municipalities. The boundaries of these City-Municipalities shall be defined in the Interim Statute for the City of Mostar.

4. The City-Municipalities shall have all those responsibilities that are not explicitly assigned to the City of Mostar in the Interim Statute.

5. The responsibilities of the City of Mostar shall include:

- Finance and Tax Policies if not otherwise regulated by Federation or cantonal legislation
- Urban Planning
- Infrastructure (Water, Electricity)
- Economic Policy if not otherwise regulated by Federation or cantonal legislation
- Public Transportation, including Railroad
- Mostar Airport

Additional responsibilities may be delegated to the City of Mostar by the City-Municipalities.

6. All other local responsibilities are in the competence of the City-Municipalities.

7. The City of Mostar shall be governed by a City Council. The six City-Municipalities shall be governed by City-Municipal Councils.

8. The City Council shall be composed of 48 members, of which 16 seats shall be reserved for representatives of the Croatian community, 16 seats for representatives of the Bosniac community and 16 seats for others. Of the 16 seats for others, 11 seats shall remain vacant for an interim period.

Each City-Municipality shall elect four members to the City Council. The remaining members of the City Council shall be elected on a city-wide list.

9. Each City-Municipal Council shall be composed of 25 members. The composition of the City-Municipal Councils shall reflect the composition of the population of the respective City-Municipality according to the 1991 census.

10. The members of the City Council and the City-Municipal Councils shall be elected in direct and free elections.

11. The City Council and the City-Municipal Councils shall elect their executive officers.

12. Any person age eighteen or older who is identified in the 1991 census as a permanent resident of the municipality of Mostar and who still has his or her permanent residence in the City of Mostar at the time of the elections shall be eligible to vote for and be elected to the City Council and the City-Municipal Councils.

Signed at Dayton, Ohio on this 10th Day of November 1995, in the English, Bosnian, and Croatian languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Mijo Brajkovic
Mayor of West Mostar

Hans Koschnick
EU Administrator

Safet Orucevic
Mayor of East Mostar

Witnessed by:

Muhamed Sacirbey
Minister of Foreign Affairs
of the Republic
of Bosnia and Herzegovina

Gojko Susak
Minister of Defense
of the Republic of Croatia

Ambassador Wolfgang Ischinger
Federal Republic of Germany

Ambassador Fernandez de la Pena
Spanish EU Presidency